Calendar No. 145

101ST CONGRESS *1st Session*	SENATE	REPORT 101-69

CERTIFICATE OF DOCUMENTATION FOR THE VESSEL MV "NORTHERN VICTOR"

Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

OF THE

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ON

S. 1148

JULY 11 (legislative day, JANUARY 3), 1989.—Ordered to be printed

---

U.S. GOVERNMENT PRINTING OFFICE
29-010 WASHINGTON : 1989

S263-18

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ERNEST F. HOLLINGS, South Carolina, *Chairman*

DANIEL K. INOUYE, Hawaii
WENDELL H. FORD, Kentucky
J. JAMES EXON, Nebraska
ALBERT GORE, JR., Tennessee
JOHN D. ROCKEFELLER IV, West Virginia
LLOYD BENTSEN, Texas
JOHN F. KERRY, Massachusetts
JOHN B. BREAUX, Louisiana
RICHARD H. BRYAN, Nevada
CHARLES S. ROBB, Virginia

JOHN C. DANFORTH, Missouri
BOB PACKWOOD, Oregon
LARRY PRESSLER, South Dakota
TED STEVENS, Alaska
ROBERT W. KASTEN, JR., Wisconsin
JOHN McCAIN, Arizona
CONRAD BURNS, Montana
SLADE GORTON, Washington
TRENT LOTT, Mississippi

RALPH B. EVERETT, *Chief Counsel and Staff Director*
WALTER B. MCCORMICK, JR., *Minority Chief Counsel and Staff Director*

Calendar No. 145

101ST CONGRESS
1st Session

SENATE

REPORT
101-69

CERTIFICATE OF DOCUMENTATION FOR THE VESSEL MV "NORTHERN VICTOR"

JULY 11 (legislative day, JANUARY 3), 1989.—Ordered to be printed

Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 1148]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 1148) to authorize issuance of a certificate of documentation for the vessel MV *Northern Victor,* having considered the same, reports favorably thereon and recommends that the bill do pass.

PURPOSE OF THE LEGISLATION

S. 1148, as reported, grants coastwise trading privileges to the vessel *Northern Victor.*

BACKGROUND AND NEEDS

The vessel MV *Northern Victor* (formerly *Ocean Cyclone* and *Coastal Spartan*) is a knot class vessel built in the United States during World War II for the United States. The vessel was placed in the reserve fleet by the Maritime Administration [MarAd] following the war. At the time of the vessel's initial sale from the surplus fleet, MarAd contractually prohibited its use as a means of transportation for passengers or cargo for hire (U.S. Department of Transportation Contract Numbered MA-3915). In 1980, Congress adopted a law which provided a two-year window for all owners of surplus vessels to apply for permission to waive this restriction so these vessels could be used in the U.S. fisheries. However, the owners of the vessel at that time failed to apply for this permission, and therefore, a legislative waiver is now required.

Additionally, subject to certain limited exceptions, the provisions of law known as the Jones Act (Section 27 of the Merchant Marine Act of 1920) and Sections 12106–12108 of title 46, U.S. Code, provide that only those vessels built in the United States, continuously documented under the laws of the United States, and continuously owned by U.S. citizens may transport merchandise or passengers in the coastwise trade of the United States. The transportation of fish constitutes merchandise for purposes of the coastwise trade laws.

Where the facts applicable to a particular vessel suggest that the U.S.-built, U.S.-documented, or U.S.-owned requirements have not been satisfied, the Coast Guard may not issue a document permitting coastwise trading privileges for that vessel unless the requirements of law are statutorily waived.

The vessel *Northern Victor,* although built in the United States, was subsequently sold to a citizen of Japan. This creates a defect in the chain of title for purposes of the operation in our coastwise trade, and therefore, a Jones Act waiver is also required.

The managing owner of the vessel is Crystal Fisheries, Inc., a company that manages U.S. trawlers operating in the Bering Sea and Northeastern Pacific Ocean. It intends to convert the vessel into a fish processing ship. Should a waiver be enacted, the vessel would be used as a U.S.-flag mothership processor in the Bering Sea and Northeastern Pacific. The conversion will take place in the United States at an estimated cost of between $8,000,000 and $10,000,000. When the conversion is completed, between 100 and 150 people will be employed on a full-time basis in work relating to the operation of the vessel. Additionally, the vessel will utilize between four and eight U.S. trawlers to provide it with the raw fish products necessary for the operation of the processing plant.

LEGISLATIVE HISTORY

S. 1148 was introduced in the Senate on June 8, 1989, by Senator Gorton. In open executive session on June 20, 1989, the Committee considered S. 1148, and ordered the legislation reported favorably without objection and without amendment.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 28, 1989.

Hon. ERNEST F. HOLLINGS,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed S. 1148, a bill to authorize issuance of a certificate of documentation for the vessel MV *Northern Victor.* The bill was ordered reported by the Senate Committee on Commerce, Science and Transportation on June 20, 1989. Enactment of S. 1148 is not ex-

pected to result in any cost to the federal government or to state or local governments.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Reis.

Sincerely,

ROBERT D. REISCHAUER,
Director.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported.

Because S. 1148 does not create any new programs, the legislation will have no additional regulatory impact, and will result in no additional reporting requirements. The legislation will have no further effect on the number or types of individuals and businesses regulated, the economic impact of such regulation, the personal privacy of affected individuals, or the paperwork required from such individuals and businesses.

SECTION-BY-SECTION ANALYSIS

The bill consists of one section. It provides that, notwithstanding sections 508 and 510(g) of the Merchant Marine Act, 1936, section 27 of the Merchant Marine Act, 1920 (46 App. U.S.C. 883), and U.S. Department of Transportation Contract Numbered MA–3915 and amendments thereto, as applicable on the date of enactment of this legislation, the vessel *Northern Victor,* U.S. official number 248959, is eligible to acquire, purchase, process, and transport fish and fish products in the fisheries of the United States, and the Secretary of the department in which the Coast Guard is operating may issue a certificate of documentation to the vessel for such purposes. The section includes the requirement that if the *Northern Victor* is scrapped, it shall be scrapped only in the domestic market unless the Secretary of Transportation provides prior approval to do otherwise.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that the bill as reported would make no change to existing law.

○